

Message Text

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ORIGIN TRSE-00

INFO OCT-01 EUR-12 IO-14 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 EPG-02
AID-05 SS-15 STR-04 ITC-01 USIA-15 PRS-01 SP-02
OMB-01 /111 R

DRAFTED BY TREAS:RSELF:MH
APPROVED BY EB/OT/STA:JSSPIRO
EUR/NE:DGOODMAN
-----028193 220457Z /10

R 211947Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY HELSINKI
INFO USMISSION GENEVA
AMEMBASSY PARIS
AMEMBASSY BERN
AMEMBASSY BRUSSELS
AMEMBASSY STOCKHOLM

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USMISSION FOR USMTN, USOECD

E.O. 11652: N/A

TAGS: ETRD, FI

SUBJECT: COUNTERVAILING DUTY INVESTIGATION--SHIPMENTS OF
FINNISH EMMENTHALER

1. THERE FOLLOWS THE TEXT OF A LETTER FROM TREASURY
DEPUTY ASSISTANT SECRETARY SUCHMAN TO THE FINNISH CHARGE
IN WASHINGTON CONCERNING STEPS TREASURY IS CONSIDERING TO
RESOLVE THE PROBLEM OF TRANSSHIPMENTS OF FINNISH CHEESE
EXPORTS TO THE U.S. VIA A THIRD COUNTRY. THE LETTER ALSO
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DISCUSSES THE NEED FOR A DOWNWARD ADJUSTMENT IN THE BOUNTY
ON EMMENTHALER.

2. BEGIN TEXT:

DEAR MR. MINISTER:

I WANTED TO BRING TO YOUR ATTENTION A PROBLEM THAT HAS DEVELOPED IN CONNECTION WITH THE RESOLUTION OF THE COUNTERVAILING DUTY INVESTIGATION BY THE TREASURY DEPARTMENT CONCERNING CHEESE IMPORTS FROM YOUR COUNTRY. AS YOU ARE AWARE, THE TREASURY DETERMINED ON JUNE 18, 1976, THAT THE GOVERNMENT OF FINLAND SUBSIDIZES CHEESE EXPORTS TO THE U.S. COUNTERVAILING DUTIES WERE WAIVED BECAUSE THE EXPORT SUBSIDY ON EMMENTHALER, WHICH ACCOUNTS FOR OVER 80 PERCENT

OF FINNISH CHEESE EXPORTS TO THE U.S., WAS REDUCED BY 75 PERCENT.

DURING THE LAST SIX MONTHS IT HAS COME TO OUR ATTENTION THAT CERTAIN SHIPMENTS OF FINNISH EMMENTHALER ARE BEING EXPORTED TO THIS COUNTRY AT SUBSIDIZED PRICES. THIS HAS BEEN ACCOMPLISHED BY FIRST SHIPPING THE CHEESE TO A THIRD COUNTRY. SINCE IT IS OUR UNDERSTANDING THAT SUBSIDY ADJUSTMENTS WERE MADE FOR EMMENTHALER SHIPPED TO THE U.S. ONLY, SALES TO OTHER COUNTRIES WOULD BE AT SUBSIDIZED PRICES. THE EVIDENCE INDICATES THAT SOME IMPORTERS IN CONCERT WITH EXPORTERS AND WHOLESALERS ABROAD HAVE ARRANGED SHIPMENTS FROM FINLAND TO A THIRD COUNTRY FROM WHICH THE SUBSIDIZED CHEESE IS RE-EXPORTED TO THE U.S.

WHILE THE THIRD COUNTRY SHIPMENT PROCEDURE IS UNQUESTIONABLY THE EXCEPTION RATHER THAN THE RULE, THERE IS A UNCLASSIFIED

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GROWING FEELING AMONG IMPORTERS OF FINNISH EMMENTHALER AND THE U.S. INDUSTRY THAT THE DOWNWARD ADJUSTMENTS IN SUBSIDIES MADE BY YOUR GOVERNMENT ON EMMENTHALER TO ELIMINATE THE COUNTERVAIL PROBLEM ARE BEING UNDERMINED BY TRANSSHIPMENTS.

ACCORDINGLY, THE TREASURY IS CONSIDERING REQUIRING THAT CHEESE IMPORTS FROM FINLAND AS WELL AS SOME OTHER SUPPLYING COUNTRIES WHERE SIMILAR PROBLEMS HAVE ARISEN, BE ACCOMPANIED WITH A "THROUGH-BILL-OF-LADING" DOCUMENT. THIS WOULD INSURE THAT IMPORTERS IN THIRD COUNTRIES COULD NOT TRANSSHIP CHEESE TO THE U.S. WITH THE ADVANTAGE OF SUBSIDY. THIS DOCUMENT IS FAMILIAR TO FOREIGN EXPORTERS AND U.S. IMPORTERS SINCE IT IS REQUIRED FOR CHEESE SHIPMENTS COVERED BY IMPORT LICENSES UNDER SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT. TO ENFORCE THE "THROUGH-BILL-OF-LADING" PROCEDURE, OUR COUNTERVAIL DUTY DETERMINATIONS AND WAIVERS WITH RESPECT TO CHEESE IMPORTS OF FINLAND AND THE OTHER COUNTRIES CONCERNED WOULD BE AMENDED TO ENABLE CUSTOMS OFFICERS TO ASSESS APPROPRIATE COUNTERVAILING DUTIES WHENEVER IT IS FOUND THAT CHEESE COMING FROM THESE COUNTRIES DOES NOT HAVE SUCH A DOCUMENT. PRESENTLY

COUNTERVAILING DUTIES CANNOT BE ASSESSED UNDER ANY CIRCUMSTANCES.

WE PLAN TO IMPLEMENT THIS PROCEDURE BY SEPTEMBER 1. HOWEVER, WE WOULD APPRECIATE HAVING ANY COMMENTS YOUR GOVERNMENT MAY WISH TO BRING TO OUR ATTENTION CONCERNING THIS PROPOSAL.

IN A RELATED MATTER, YOU WILL RECALL THAT THE TREASURY, IN GRANTING A WAIVER ON FINNISH CHEESE IMPORTS, REQUIRED THAT A DOWNWARD ADJUSTMENT OF 30 CENTS PER POUND OF THE TOTAL 40 CENT PER POUND BOUNTY ON EMMENTHALER BE ACCOMPLISHED BY THE END OF 1976. WE INDICATED AT THAT TIME THAT A DECISION ON THE ELIMINATION OF THE REMAINING 10 CENTS

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PER POUND BOUNTY ON EMMENTHALER WOULD BE HELD IN ABEYANCE PENDING AN ANALYSIS OF MARKET TRENDS. 1976 TRADE STATISTICS SHOW THAT EMMENTHALER IMPORTS FROM FINLAND INCREASED FROM SLIGHTLY UNDER 10 MILLION POUNDS IN 1975 TO 17.2 MILLION POUNDS, OR AN IMPORT MARKET SHARE INCREASE FROM 20 PERCENT TO 28 PERCENT. DURING THE SAME PERIOD, THE PRICE OF FINNISH EMMENTHALER HAS REMAINED STABLE AT A TIME WHEN EMMENTHALER PRICES IN THE U.S. MARKET FROM BOTH FOREIGN AND DOMESTIC SOURCES WERE RISING. IN MANY INSTANCES FINNISH EMMENTHALER IS BELOW THE U.S. DOMESTIC PRICE. BASED ON THESE IMPORT TRENDS, WE BELIEVE A FURTHER 10 CENTS PER POUND DOWNWARD ADJUSTMENT IN THE BOUNTY ON THIS ITEM SHOULD BE MADE AT THIS TIME, EITHER THROUGH A PRICE INCREASE OR A DROP IN THE EXPORT PAYMENT. WE WOULD BE INTERESTED IN YOUR GOVERNMENT'S VIEWS IN CONNECTION WITH THIS CONTEMPLATED ACTION BEFORE A FINAL DECISION IS MADE.

LET ME ASSURE YOU THAT WE APPRECIATE THE SENSITIVITY OF THESE MATTERS AND FOR THIS REASON BELIEVE IT IS IN OUR OWN MUTUAL INTEREST TO RESOLVE THESE PROBLEMS IN THE SHORTEST POSSIBLE TIME. I LOOK FORWARD TO HEARING FROM YOU.

SINCERELY YOURS,

PETER O. SUCHMAN (DATED 7/21/77)

END TEXT

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 21-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
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Document Unique ID: 00
Drafter: RSELF:MH
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TAGS: ETRD, FI, US, TRSY
To: HELSINKI
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vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/a2d1ea65-c288-dd11-92da-001cc4696bcc
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